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SUBJECT: ACTION REQUEST: INCREASING WORLD BANK
EFFECTIVENESS IN IRAQ

REF: A. BAGHDAD 1045
[1](#)B. 08BAGHDAD2768

This cable is sensitive but unclassified; please protect accordingly.

This is an Action Request. Please see para 4.

[1](#)1. (SBU) Summary: Overall assistance funding to Iraq is decreasing and the GOI is increasingly looking for technical assistance and capacity development from all donors, including multilateral institutions. The UN and World Bank will both be critical partners for Iraq's future, and while UNAMI has made significant progress in expanding its presence and effectiveness, the World Bank lags behind. Post requests that an appropriate senior-level USG official meet with senior leadership at the World Bank, including World Bank Vice President for Middle East and North Africa Shamshad Akhtar, to press the Bank to strengthen its presence in Iraq.
End Summary.

Background: World Bank in Iraq
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[1](#)2. (U) The World Bank has been active in Iraq since 2003 through participation in the International Reconstruction Fund Facility for Iraq (IRFFI), under which the World Bank Trust Fund collected \$493 million from 17 donors, including \$5 million from the United States. The Bank's projects are primarily in the areas of health, sanitation and public financial management. On November 24, the Council of Ministers approved the World Bank-supported Poverty Reduction Strategy (to be reported septel).

[1](#)3. (SBU) The World Bank office should be a source of neutral support and unbiased advice for local authorities on a wide range of economic topics. Current World Bank staffing in Iraq is weak, ineffective, and does not have the confidence of the GOI and international community. The World Bank Baghdad office is thinly staffed with a Country Manager, one Task Team Leader for the Public Finance Management project, and one or two additional staff in the pipeline. Senior World Bank management had resisted increasing staff levels, but the new Vice President for Middle East and North Africa, Shamshad Akhtar, the former Governor of the Pakistan State Bank, is more favorably disposed toward Iraq. Since assuming her position in July she has been supportive of a proposed Development Policy Loan (DPL) to complement the IMF's proposed Stand By Arrangement. The Bank's increasing activities that include private sector development, public financial management and state bank restructuring suggest that the time is right to send a senior, experienced official to lead a solid local staff. The Bank can then become a respected source of information, provide quick responses to the many economic policy questions that arise among Iraqi authorities, and provide daily support and encouragement for effective development reforms. Other donors share our views

on the World Bank's presence in Iraq. Together, we have been pressing the case for a strengthened Bank presence here for the past two years with little result (reftels).

Action Request: Suggested Talking Points for
Meetings with World Bank Officials

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14. (SBU) Post requests that an appropriate senior-level USG official meet with senior leadership at the World Bank, including World Bank Vice President for Middle East and North Africa Shamshad Akhtar, and deliver the suggested points below. (Note: These points have been discussed here in Baghdad with other donors, and some have indicated that they will make similar approaches to the World Bank leadership.)

-- The World Bank needs to strengthen its presence in Iraq
Q-- The World Bank needs to strengthen its presence in Iraq through increased on the ground expert staff led by a senior Bank official who is willing to engage the GOI authoritatively over a wide range of issues.

-- We understand that any significant increase in staffing will take time, but there are some immediate steps that could be taken to send the right signal to the GOI about the Bank's commitment to Iraq.

-- First, a resident Country Director (CD) should be assigned to Baghdad. This would demonstrate the seriousness of the Bank's commitment to Iraq and give the Bank presence the authority it needs to accomplish the vital tasks at hand.

-- Second, a Deputy Country Manager (or Deputy Country

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Director if a CD has been named) should be named to help in running the office. This would allow the WB to maintain continuity of its activities in Iraq and its engagement with the GOI when the current Country Manager is out on R&R or other travel.

-- Third, the Bank should ensure that all staff who are working "on Iraq," regardless of where they are based, are available to come to Iraq and be here on the ground as needed. The GOI needs to see that Bank staff are willing to come here, whenever needed and as needed.

-- Finally, there are currently a number of regional staff outside of Iraq that are providing back office administrative support and other logistical support to the World Bank presence in Iraq. Where possible, and understanding the need to minimize disruption, these staff could be replaced by Iraqi employees working in Iraq.

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